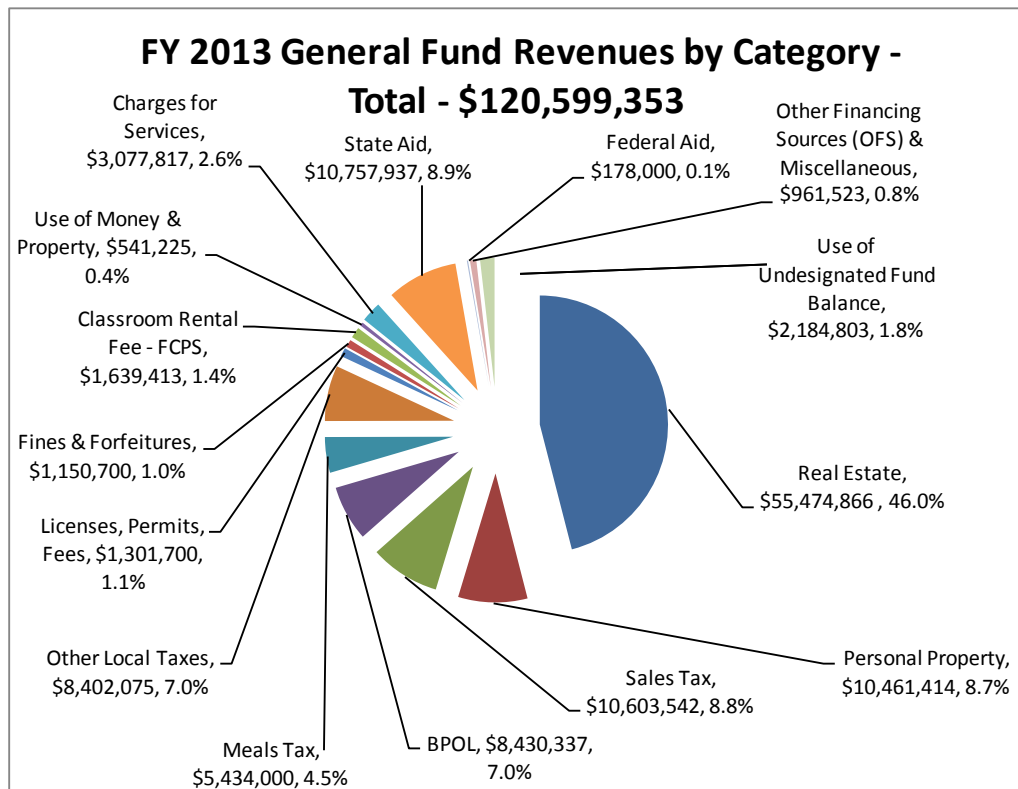


GENERAL FUND REVENUE OVERVIEW

FY 2013 Adopted Budget – City of Fairfax, Virginia

The following pie chart provides an overview by category of general fund revenue sources for the City of Fairfax as part of the FY 2013 Budget.



The Use of Undesignated Fund Balance in the amount of **\$2,184,803** is a result of the FY 2012 estimated surplus, generated largely by a real estate tax increase. The ending Fund Balance is equal to approximately **9.2% (\$11.1m)** of General Fund expenditures.

FY 2013 Adopted Budget – City of Fairfax, Virginia

General Fund Revenue Summary

Account	Account Title	FY 2011 Actual	FY 2012 Budget	FY 2012 Estimated	FY 2013 Adopted
General Property Taxes					
311110	Real Estate Current December	\$23,471,432	\$23,271,630	\$23,649,677	\$25,614,020
311111	Real Estate Current June	23,245,112	23,595,306	24,264,020	26,207,961
311112	Real Estate Old Town - June	87,004	100,200	93,446	93,446
311113	Delinquent Real Estate	778,089	600,000	785,561	635,000
311114	Real Estate Old Town - December	96,920	94,873	90,061	93,446
311116	Delinquent R/E Old Town District	10,194	18,803	4,646	5,000
311117	Real Estate BID District	0	0	0	0
311120	Stormwater Fund Tax	0	260,000	399,500	539,000
311119	Delinquent R/E Commercial	33,245	29,878	29,878	29,000
311121	Comm. Real Estate Tax Rate Trans. - June	474,131	499,096	491,287	503,176
311122	Comm. Real Estate Tax Rate Trans. - Dece	507,817	499,096	481,510	491,287
311210	Personal Property Current	9,389,389	9,571,700	9,552,059	9,935,000
311213	Delinquent Personal Property	335,750	200,000	275,000	275,000
311311	PSC R/E Current	893,988	947,852	928,530	938,530
311312	PSC PP Current	251,414	251,414	246,896	251,414
311313	PSC Delinquent R/E Taxes	(4,790)	0	0	0
311410	Penalties on Delinquent Taxes	251,575	225,000	240,000	235,000
311411	Interest on Delinquent Taxes	115,386	90,000	110,500	90,000
Total General Property Taxes		\$59,936,656	\$60,254,848	\$61,642,571	\$65,936,280
Other Local Taxes					
312010	Local Sales & Use Tax	\$9,907,063	\$10,129,641	\$10,395,629	\$10,603,542
312011	Consumers Utility Tax	1,551,010	1,586,682	1,574,091	1,575,000
312012	Business & Occupational Licenses	8,151,072	7,918,057	8,265,036	8,430,337
312013	Motor Vehicle Licenses	622,169	608,663	638,359	640,000
312014	Recordation Tax	315,186	353,828	378,220	360,000
312015	Bank Stock Tax	1,550,882	1,579,641	1,659,641	1,680,000
312016	Tobacco Tax	1,028,992	1,060,732	1,003,959	980,000
312017	Transient Lodging Tax	484,990	539,168	592,000	615,000
312018	Meals Tax	4,938,869	4,845,075	5,191,623	5,434,000
312021	Consumption Tax	115,034	121,592	122,175	125,000
312024	Communication Taxes	2,367,878	2,511,412	2,278,539	2,427,075
Total Other Local Taxes		\$31,033,144	\$31,254,491	\$32,099,273	\$32,869,954

FY 2013 Adopted Budget – City of Fairfax, Virginia

General Fund Revenue Summary

Account	Account Title	FY 2011 Actual	FY 2012 Budget	FY 2012 Estimated	FY 2013 Adopted
Licenses, Permits & Fees					
313202	Building Permits	\$141,672	\$130,000	\$189,822	\$160,000
313203	Electrical Permits	98,256	90,000	118,533	100,000
313204	Plumbing Permits	52,562	67,000	70,593	70,000
313205	Mechanical Permits	87,652	80,000	100,485	100,000
313206	Elevator Inspection	55,069	57,000	57,000	57,000
313225	Rental Housing Occupancy	8,300	10,200	4,500	8,000
313226	Fire Marshal Permit	66,105	70,000	71,396	70,000
313227	Fire Protection System Permit	24,671	16,381	28,884	30,000
313231	Fire Marshal Development Fees	12,110	14,775	9,679	10,000
313233	Public Safety Fee	41,606	48,525	42,000	42,000
313234	Reinspection Fees	660	575	574	600
313308	Sign Permits	16,764	20,280	17,361	16,900
313309	Occupancy Permits	26,435	27,665	28,847	27,900
313310	Soil & Erosion Fees	8,480	6,992	8,693	8,500
313323	Zoning Fees	12,300	42,845	35,008	32,800
313328	Special Use Permits	75,555	126,910	91,942	91,900
313329	Variances	13,100	3,500	14,400	10,000
313330	Partial R/E Tax Exemption	220	120	220	200
313411	Cemetery Interments	57,724	56,181	41,616	41,600
313420	Street Opening Permits	49,505	40,955	28,225	35,000
313430	Precious Metal Permits	600	600	600	600
313440	Public Right of Way Use	205,733	263,832	207,334	210,000
313510	Animal Licenses	12,250	12,508	12,508	12,000
313512	Peddlers Permits	11,170	6,515	9,241	9,200
313620	Transfer Fees	68,430	73,719	81,029	74,000
313630	Cellular Comm	83,423	87,088	83,496	83,500
Total Licenses, Permits & Fees		\$1,230,352	\$1,354,166	\$1,353,986	\$1,301,700
Fines & Forfeitures					
314001	Court Fines & Forfeitures	\$767,170	\$639,100	\$756,900	\$662,000
314002	Parking Fines	109,606	132,922	120,143	120,000
314003	Juvenile Court	3,872	3,300	5,496	4,500
314005	Circuit Court Revenue	7,287	6,800	7,444	7,000
314006	Court Facilities Fee	20,622	19,800	20,697	20,000
314010	Zoning Civil Penalties	18,900	9,400	7,212	9,400
314011	Photo Red Light	0	216,000	226,525	221,000
314012	Jail Admin Fee	1,745	1,600	1,850	1,700
314013	Courthouse Security	107,951	105,100	107,900	105,100
314021	Overweight Truck Fine	4,018	0	0	0
Total Fines & Forfeitures		\$1,041,172	\$1,134,022	\$1,254,167	\$1,150,700

FY 2013 Adopted Budget – City of Fairfax, Virginia

General Fund Revenue Summary

Account	Account Title	FY 2011 Actual	FY 2012 Budget	FY 2012 Estimated	FY 2013 Adopted
Use of Money & Property					
315101	Interest on Investments	\$2,150	\$5,000	\$2,000	\$2,000
315106	Unrealized Gain / (Loss)	0	0	0	0
315201	Rental - General Property	0	0	0	0
315202	Rental - Old Town Hall	130,055	135,800	135,800	156,540
315203	Rental - Green Acres	61,743	40,500	58,000	60,000
315206	Rental - Schools	1,586,952	1,600,252	1,583,170	1,639,413
315208	Rental - Community Center	48,162	140,700	110,000	165,840
315209	Rental - Main Street Day Care	26,400	26,400	27,720	29,106
315210	Rental - Westmore School	0	0	0	0
315211	Rental - Blenheim	11,435	10,000	12,000	24,000
315213	Rental - Ball Fields	0	0	99,100	103,739
Total Use of Money & Property		\$1,866,897	\$1,958,652	\$2,027,790	\$2,180,638
Charges for Services					
316110	Court Fees	\$5,874	\$6,524	\$6,524	\$6,524
316220	Sale of Record Copies	2,727	1,399	2,444	2,400
316221	False Alarm Fees	30,800	18,490	30,000	28,000
316223	Ambulance Fees	1,017,595	915,000	1,194,743	1,294,743
316224	Emergency Response Billing	0	0	0	0
316225	Fire Recovery Fee - GMU	150,000	150,000	150,000	200,000
316230	Animal Control Fees	3,104	1,379	3,200	2,500
316346	Community Programming	0	0	0	54,083
316347	Sherwood Programming	0	0	0	69,694
316348	Green Acres Programming	0	0	0	68,923
316349	Senior Programs	68,092	68,300	68,300	68,300
316350	Rec. Trips - Youth, Teen, and Adult	165,749	192,700	192,700	-
316351	Day Camps	489,093	496,900	496,900	496,900
316352	Pavilion Rentals	122,591	104,500	5,400	5,400
316353	Cultural Arts	1,300	6,600	6,500	6,600
316354	Special Events	168,351	174,200	174,200	175,200
316355	Museum Revenue	954	698	682	700
316356	Museum Gift Shop	12,791	16,607	12,125	12,100
316357	Show Mobile Revenue	6,463	4,800	4,800	5,000
316460	Sale of Publications	2	50	10	0
316461	Subdivision Review Fees	15,641	8,342	17,000	10,000
316462	Site Plan Review Fees	111,732	88,743	90,000	75,000
316463	Architectural Review	6,060	3,967	5,000	4,000
316464	Tree Removal Permit	1,325	1,577	1,600	1,350
316466	Surety Review	10,400	6,525	13,000	10,000
316467	Mapping Sales	960	720	1,050	1,000
316570	School Age Child Care	421,973	406,213	408,380	408,400
316580	Returned Check Fees	3,725	3,283	3,500	3,500
316581	Charge Card Fees	14,936	15,574	16,000	16,000
316585	Administrative Fees	18,508	20,248	20,248	20,500
316586	Collection Fees	(3,779)	7,425	3,000	3,000
316587	Attorney Fees	1,443	1,444	2,489	1,400
316712	5% Late Charge	2,351	2,170	2,170	2,200
316811	Inspection Fees After Hours	27,490	24,400	20,750	24,400
Total Charges for Services		\$2,878,252	\$2,748,778	\$2,952,715	\$3,077,817

FY 2013 Adopted Budget – City of Fairfax, Virginia

General Fund Revenue Summary

Account	Account Title	FY 2011 Actual	FY 2012 Budget	FY 2012 Estimated	FY 2013 Adopted
Miscellaneous Revenue					
318102	Sale of Surplus Property	\$146	\$1,631	\$0	\$0
318104	Sale of Cemetery Lot	24,900	22,700	19,452	22,700
318105	Perpetual Care - Cemetery	7,117	15,100	3,500	3,500
318107	Recycled Newspaper	0	0	0	0
318108	Sale of City License Plates	4,980	5,000	4,620	4,500
318201	Misc. Revenue	116,988	105,212	104,432	105,212
318203	Police Seized Assets	373	0	124	0
Total Miscellaneous Revenue		\$154,504	\$149,643	\$132,128	\$135,912
State Aid					
321101	ABC Profits	\$0	\$0	\$0	\$0
321102	Wine Taxes	0	0	0	0
321103	Rolling Taxes	362	362	292	292
321104	State Aid Police	579,753	552,323	595,124	598,085
321106	Vehicle Rental Tax	224,138	244,744	230,496	230,500
321201	Commissioner of Revenue	131,162	134,921	131,162	131,200
321202	Treasurer	90,677	92,199	93,000	93,000
321203	Registrar / Electoral	40,938	48,789	48,789	48,789
321204	DMV Reimbursement	35,197	34,769	44,000	45,000
324201	State Sales Tax	2,637,566	2,730,111	2,741,151	3,113,627
324202	Basic School Aid	3,782,764	4,182,579	4,262,364	4,135,181
324204	State School Capital	0	0	0	0
324302	Four for Life Grants	23,480	20,500	20,500	21,500
324305	Smoke Alarm Grant	0	0	0	0
324308	EMAC	14,046	0	0	0
324321	Rescue Squad Assc Grant	0	0	0	0
324323	Fire Equip Mini Grant	0	0	8,900	0
324324	Byrne Jag Grant	0	0	0	0
324331	Asset Forfeiture	64	0	0	5,000
324344	Fire Programs Fund	62,074	61,104	57,553	57,553
324403	Street & Highway Maint.	2,190,901	2,190,900	2,272,255	2,272,300
324405	Solid Waste Grant	5,910	5,910	5,910	5,910
324411	Disaster Assistance State	(3,217)	0	0	0
324612	Blenheim Grant	0	0	0	0
324614	Arts Grant	0	0	0	0
Total State Aid		\$9,815,818	\$10,299,211	\$10,511,496	\$10,757,937

FY 2013 Adopted Budget – City of Fairfax, Virginia

General Fund Revenue Summary

Account	Account Title	FY 2011 Actual	FY 2012 Budget	FY 2012 Estimated	FY 2013 Adopted
Federal Aid					
331005	Bulletproof Vest Grant	\$2,758	\$2,500	\$3,990	\$0
331007	COPS 2005 Tech Grant	0	0	0	0
331009	Alcohol Safety Grant	22,456	19,000	18,800	18,000
331010	Gang Task Force Grant	101,992	130,000	130,000	0
331011	FEMA Grant	27,546	0	0	0
331018	NCR Regional Planner	161,145	125,000	45,000	125,000
331023	Byrne JAG Grant	4,346	900	2,252	0
331037	Secret Service Task	5,145	5,000	3,000	3,000
331043	Fire SAFER Grant	88,019	0	0	0
331045	Citizen Preparedness Grant	14,981	15,000	15,000	15,000
331046	LEMPG Grant	28,311	5,000	5,000	5,000
331047	UASI EOC GRANT	52,316	0	6,917	6,000
331048	EMPG Sheltering Grant	0	22,000	22,000	0
331049	UASI Citizen Prep Grant	0	22,000	6,917	6,000
331050	POLICE DCSJ EQUIPMNT GRAN	10,500	0	0	0
336010	NVERS SUSTAINMENT GRANT	22,890	0	0	0
Total Federal Aid		\$542,404	\$346,400	\$258,876	\$178,000
Other Financing Sources					
318282	Fairfax Little League	\$5,625	\$5,625	\$5,625	\$5,625
318288	FPYC Turf Contribution	77,375	77,375	77,375	77,375
318289	Schools Turf Contribution	20,000	20,000	20,000	20,000
319008	City - County Contract	694,373	974,082	701,564	722,611
341030	Bond Refunding	0	0	0	0
341040	Sale of Property	0	0	0	0
341045	School Bond Cap. Int. Reimb.	0	0	0	0
342030	Insurance Recoveries	0	10,000	0	0
347320	CAP PROJECTS FUND TRANSF	3,664	0	0	0
347325	School Bond Cap. Int. Reimb.	121,235	0	0	0
347360	Old Town FX CIP Transfer	0	0	0	0
347403	Sewer Transfers	0	0	0	0
347512	Water Transfers	0	0	0	0
Total Other Financing Sources		\$922,272	\$1,087,082	\$804,564	\$825,611
Total Revenues		\$109,421,470	\$110,587,293	\$113,037,566	\$118,414,550
Total Appropriated Fund Balance					
	Prefunding	\$0	\$0	\$0	\$0
	School Tuition Contract	0	700,000	700,000	0
	Community Development & Planning	0	220,000	220,000	0
	Use of Undesignated Fund Balance	0	1,529,777	1,006,940	2,184,803
	Use of Prior Year's Surplus	282,267	1,244,367	0	0
Total Appropriated Fund Balance		\$282,267	\$3,694,144	\$1,926,940	\$2,184,803
Total Revenue Available		\$109,703,737	\$114,281,437	\$114,964,506	\$120,599,353

FY 2013 Adopted Budget – City of Fairfax, Virginia

History of General Fund Revenues by Category

Category	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Estimate	FY 2013 Adopted
Real Estate	\$30,130,686	\$33,526,475	\$37,522,201	38,953,943	\$40,975,135	\$43,774,958	\$47,677,911	49,960,103	51,568,616	55,474,866
Personal Property	7,797,129	7,794,289	7,298,936	8,870,109	9,207,637	10,011,917	11,070,647	9,976,554	10,073,955	10,461,414
Sales Tax	9,875,008	10,608,683	11,604,756	13,721,180	13,587,593	13,433,255	8,831,494	9,907,063	10,395,629	10,603,542
BPOL	7,660,442	7,664,177	8,370,119	8,444,976	8,662,866	8,599,019	8,375,551	8,151,072	8,265,036	8,430,337
Meals Tax	1,930,225	2,087,428	2,176,558	2,235,496	2,301,359	4,628,045	4,634,109	4,938,869	5,191,623	5,434,000
Other Local Taxes	5,328,963	6,643,536	7,052,627	7,664,874	6,653,880	7,662,450	7,226,450	8,036,140	8,246,984	8,402,075
Licenses, Permits, and Fees	1,153,982	1,221,572	1,364,665	1,376,855	1,257,887	1,055,604	1,065,386	1,230,352	1,353,986	1,301,700
Fines & Forfeitures	916,078	1,243,358	1,567,914	954,306	879,234	893,186	873,594	1,041,172	1,254,167	1,150,700
Use of Money & Property	1,507,684	1,401,715	3,257,577	5,464,202	5,463,064	3,446,770	2,298,050	1,866,897	2,027,790	2,180,638
Charges for Services	791,781	962,585	954,341	973,262	1,061,561	1,391,864	2,424,216	2,878,252	2,952,715	3,077,817
Intergovernmental	8,150,217	8,965,341	9,444,194	10,054,930	10,597,452	10,960,395	11,033,810	10,358,222	10,770,372	10,935,937
Other Financing Sources/Misc	268,958	230,315	260,375	1,016,217	1,066,827	3,527,196	3,070,983	1,076,776	936,692	961,523
Appropriated Fund Balance	0	0	0	0	0	2,180,574	3,877,676	282,267	1,926,940	2,184,803
Total Revenue	\$75,511,153	\$82,349,474	\$90,874,263	\$99,730,350	\$101,714,496	\$111,565,233	\$112,459,877	109,703,737	\$114,964,506	\$120,599,353

Major Revenue Sources

Real Estate Tax

Background

Each year, the City Assessor's Office appraises all **real property** in the City to determine its value for tax purposes. All assessments of real property, including land and permanently affixed structures, are based on **fair market value** and are equitable with the assessments of comparable properties. Real estate assessments, which are made each year by the Assessor's Office, are effective January 1 of the year and are at 100% of fair market value. During the budget process, City Council determines how much income the City must generate to provide municipal services to residents. The Council then sets a tax rate that will yield the needed revenue. That tax rate multiplied by the assessed value of the property determines the taxes owed by each property owner. City taxes are paid twice a year - June 21 and December 5.

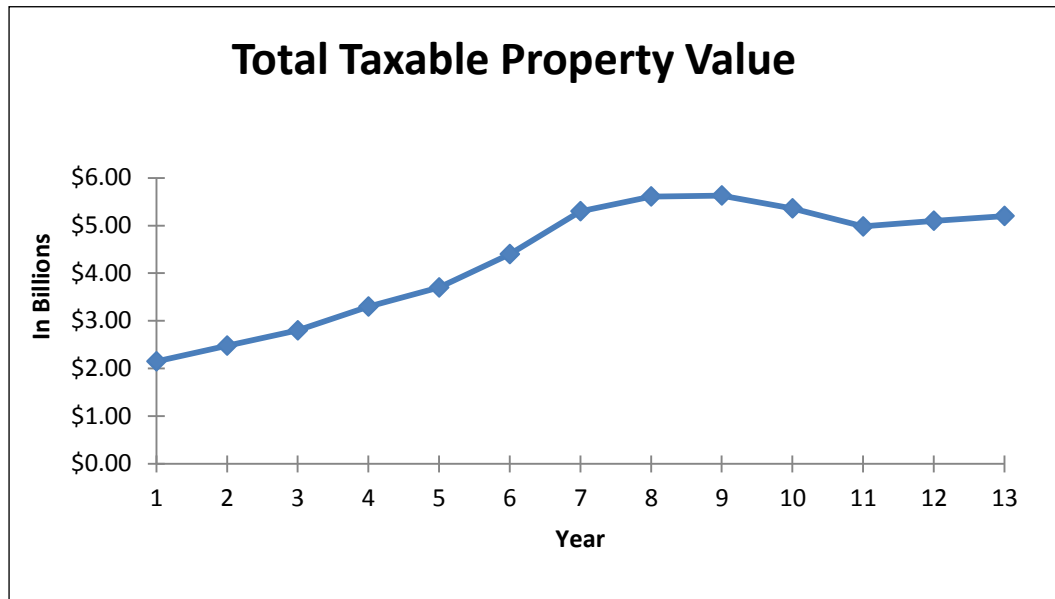
Fiscal Impact – Real Estate Tax Revenues

Category	FY 2011 Actual	FY 2012 Budget	FY 2012 Estimate	FY 2013 Adopted
Real Estate Tax Revenue	\$49,960,103	\$50,231,734	\$51,568,616	\$55,474,866
Real Estate Tax Rate	95.5¢	94.2¢	94.2¢ / \$1.01	\$1.01
Stormwater Tax Rate	n/a	0.5¢	0.5¢/1.0¢	1.0¢
Old Town Service District Tax Rate	6.0¢	6.0¢	6.0¢	6.0¢
Commercial & Industrial Tax Rate	5.5¢	5.5 ¢	5.5¢	5.5¢

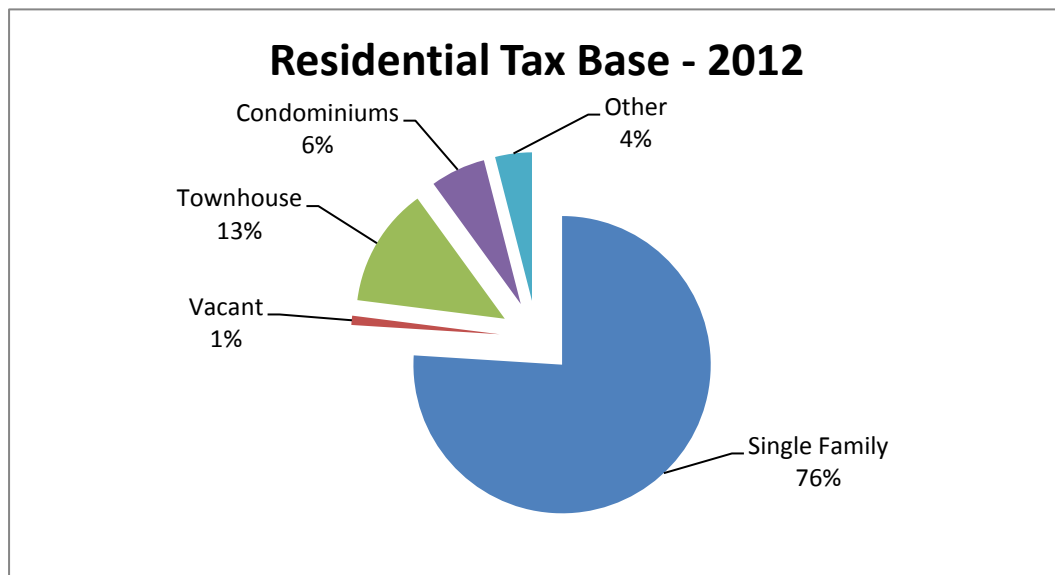
Real property tax revenues account for the largest category of revenue for the General Fund, representing 45.5% of total General Fund revenues. A real estate tax rate of \$1.01 per \$100 of assessed value is adopted for FY 2013, which is a 6.8¢ increase from the FY 2012 rate of 94.2¢ per \$100 of assessed value. As part of the overall rate, 1.0¢ will be dedicated for the Stormwater Fund. Total real estate assessments are up 2.8%, which includes new construction of \$33.8 million, compared to a 2.23% increase for the previous fiscal year.

Assessments	CY 2011	CY 2012	Variance	
			\$	%
Residential	\$3,123,099,700	\$3,195,889,977	\$72,790,277	2.3%
Commercial	1,954,294,800	2,025,966,286	71,671,486	3.7%
Total	\$5,077,394,500	\$5,221,856,263	\$144,461,763	2.8%

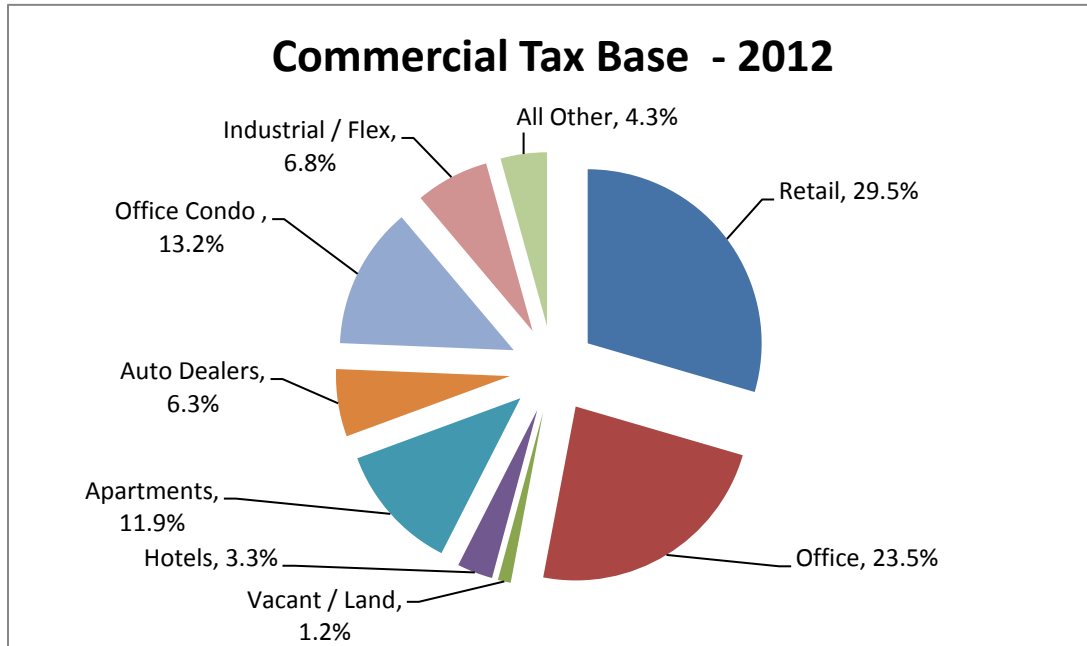
The 2012 total taxable value of City residential and commercial properties before appeals is \$5,221,856,263 and is more than last year's total assessed value by \$144,461,763 (2.8%).



The overall residential assessment total has increased by 2.3%, and includes new construction. The following notes the breakout by category for the Residential tax base.

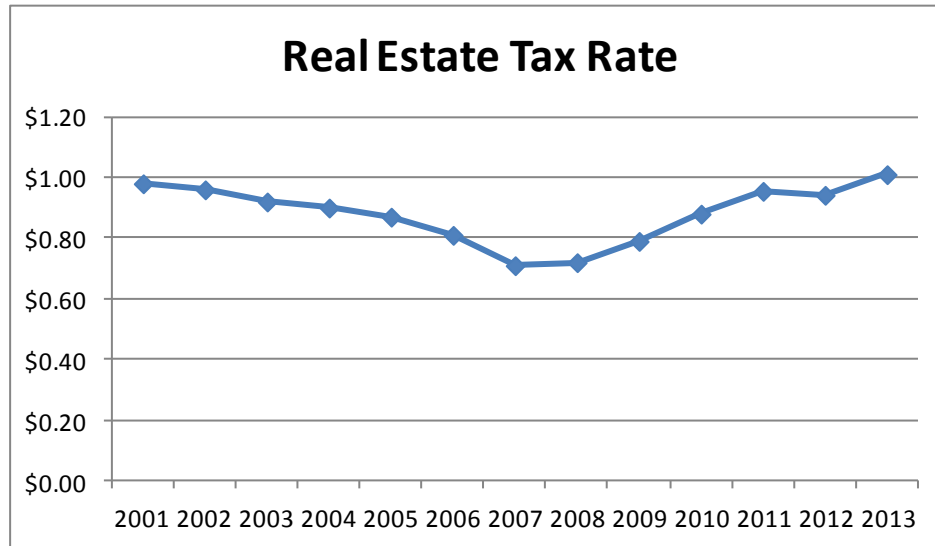


Commercial assessments notes an increase of 3.7% overall, and includes new construction. The following notes the breakout by category for the Commercial tax base.



The budget notes an adopted tax rate increase of 6.8¢ from 94.2¢ to \$1.01 per \$100 of assessed valuation for FY 2013. In addition, the City currently has two service districts, the Old Town and the Commercial Real Estate Transportation Tax on which the City assesses an additional tax. The Old Town Service District will remain at 6.0¢ per \$100 of assessed value. The revenue generated will continue to help fund remaining costs of undergrounding overhead utility lines in the Old Town Service District. As part of the FY 2010 Budget, the Commercial Real Estate Transportation tax provided for a surcharge on commercial real estate properties at a rate of 8.0¢ per \$100 of assessed value. During the FY 2011 budget process, the City Council decreased this rate from 8.0¢ per \$100 of assessed value to 5.5¢ per \$100 of assessed value. The 5.5¢ rate remains unchanged for FY 2013. For FY 2013, the Stormwater tax rate is set at 1.0¢ per \$100 of assessed value, an increase of 0.5¢ from FY 2012. This tax is included in the overall \$1.01 adopted real estate tax rate per \$100 of assessed value. These funds will be dedicated to meeting proposed federal regulatory requirements along with maintenance of aging Stormwater infrastructure, of which significant portions are reaching the end of their useful life.

An historical review of the City's Real Estate Tax Rate is below:



In comparing tax rates, it is important to keep in mind two factors often overlooked – levels of service vary from jurisdiction to jurisdiction, and for residents of area towns, a town tax is levied in addition to the county tax. Two large towns in our immediate area – Vienna and Herndon – known for similar levels of community services, levy real estate taxes of 24.21¢ and 26.5¢ per \$100 of assessed value (fiscal year 2012 rates), respectively.

The City's adopted real estate tax rate of \$1.01 is a 6.8¢ increase over FY 2012. The average residential tax bill is expected to increase by 8.9%. The following chart provides an illustrative example by three residential assessed values:

**Impact of Real Estate Tax Rate per FY 2013 Budget
Average Property Owner's Tax Bill at Various Values
All Residential Properties**

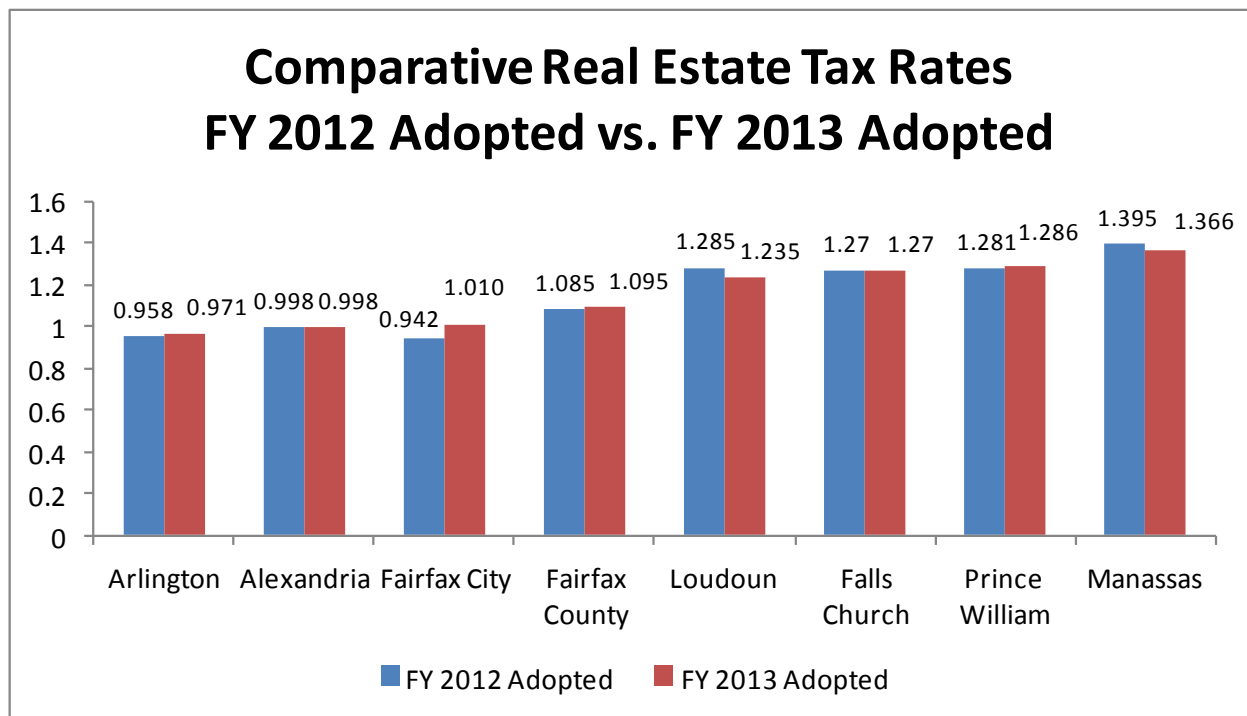
CY 11 Assessment	FY 12 Tax Rate	FY 12 Tax Bill	CY 12 Assessment	FY 13 Tax Rate	FY 13 Tax Bill	Change	
						\$	%
300,000	0.942	2,826	304,822	1.01	3,079	253	8.94%
500,000	0.942	4,710	508,037	1.01	5,131	421	8.94%
700,000	0.942	6,594	711,252	1.01	7,184	590	8.94%

Note: average estimated increase in assessment of 1.6% (excludes new construction); each property is separately valued therefore each assessment may be higher or lower than the average.

FY 2013 Adopted Budget – City of Fairfax, Virginia

The real estate tax rate necessary to provide residential equalization, whereby the average homeowner would pay no more in taxes than in the prior year equates to 92.5¢ per \$100 of assessed value. This is 1.7¢ less than the FY 2012 rate of 94.2¢, and 8.5¢ less than the FY 2013 rate of \$1.01. The real estate equalization rate for residential and commercial properties combined is 92¢ per \$100 of assessed value, 2.2¢ less than the FY 2012 rate of 94.2¢, and 9¢ less than the FY 2013 adopted rate of \$1.01.

Comparative information was gathered from surrounding jurisdictions' FY 2013 adopted budgets.



Personal Property Tax

Background

The City of Fairfax assesses all individuals and businesses on the value of motor vehicles, including automobiles, trucks, motorcycles, trailers, campers and other recreational vehicles (RVs) and boats that are located in the City of Fairfax. The City also assesses all businesses on the value of all other personal property such as furniture and equipment located within the City boundaries. All such property is considered personal property. Additionally, the City imposes a Motor Vehicle License Tax for each vehicle and issues a vehicle license decal as proof that the license tax and personal property taxes have been paid.

The Commissioner of the Revenue determines the method of assessment for personal property and the City Council establishes the tax rate. The current personal property tax rate is \$4.13 per \$100 of assessed value. In addition to the personal property tax, all motor vehicles normally garaged in the city are required to display a Motor Vehicle License Decal. The Motor Vehicle License Tax is \$ 33.00 per annum and is administered directly by the City Treasurer. Before obtaining a decal, vehicle owners must register their vehicles with the Commissioner of the Revenue for personal property tax purposes.

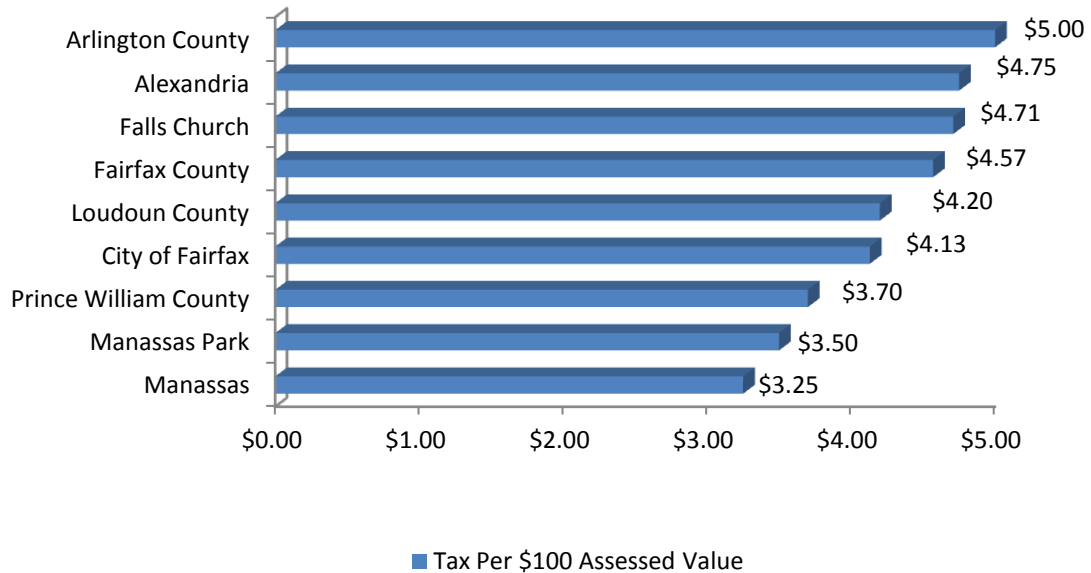
At the current time, taxpayers are "reimbursed" by the state at a rate of approximately 52% of the tax up to the first \$20,000 of assessed value. This reimbursement is based on a fixed amount, approximately \$3.1 million, the 2004 level of reimbursement. While in most cases a disproportionate amount of tax collected at local levels is disbursed to other areas of the state through means such as the composite index for education funding, in the case of personal property tax, a disproportionately larger amount is paid to Northern Virginia, because there are more and higher value cars in this area.

Fiscal Impact – Personal Property Tax

	FY 2011 Actual	FY 2012 Budget	FY 2012 Estimate	FY 2013 Adopted
Personal Property Tax Revenue	\$9,976,554	\$10,023,114	\$10,073,955	\$10,461,414
Personal Property Tax Rate	\$4.13	\$4.13	\$4.13	\$4.13

The FY 2013 Adopted Budget notes no change in the Personal Property Tax rate of \$4.13. FY 2013 revenues are projected to increase 4.4% from the FY 2012 budget due to an increase in overall vehicle assessments.

Personal Property Tax Rates FY 2013



Local Sales and Use Tax

Background

A sales tax is imposed on gross receipts from retail sales. The seller collects the tax from the customer by separately stating the tax and adding it to the sales price or charge. Effective September 1, 2004, the rate of tax is 5% (4% state and 1% local tax). Prior to that date, the rate was 4.5% (3.5% state and 1% local). "Retail sales" means sales made for any purpose other than for resale. The tax may also apply to the furnishing of transient accommodations and the lease or rental of personal property.

Fiscal Impact – Local Sales and Use Tax

	FY 2011 Actual	FY 2012 Budget	FY 2012 Estimate	FY 2013 Adopted
Local Sales & Use Tax Revenue	\$9,907,063	\$10,129,641	\$10,395,629	\$10,603,542

The local sales and use tax is one of the most important economic indicators and highest revenue generators for the City. The FY 2012 estimate reflects a 4.9% increase from the FY 2011 actual. The FY 2013 figure of \$10.6 million notes a 4.6% increase over the FY 2012 estimate.

Business, Professional, and Occupational License (BPOL) Tax

Background

All businesses operating in the City of Fairfax must apply for an annual license with the Commissioner of the Revenue. Business license taxes are levied annually and are typically based on a business's gross receipts. All new businesses must submit an application within 30 days of the start of operations. All business licenses expire at the end of each calendar year and must be renewed annually by **March 1**. Businesses in the City of Fairfax are taxed on either their gross receipts or a flat rate basis or both. Most businesses are taxed based on gross receipts. The BPOL tax rate is established annually by the City Council for each business category.

Fiscal Impact – BPOL Tax

	FY 2011 Actual	FY 2012 Budget	FY 2012 Estimate	FY 2013 Adopted
BPOL Tax	\$8,151,072	\$7,918,057	\$8,265,036	\$8,430,337

BPOL funds for the FY 2012 estimate are projected to increase by 1.4% from the FY 2011 actual. Projections are based on year to date collections from businesses through March, and indicate steady growth. For FY 2013, a 2.0% increase above the FY 2012 estimate is assumed. Potential updates to this revenue source will be provided to the City Council as a majority of collections accumulate through the end of March.

Meals Tax

Background

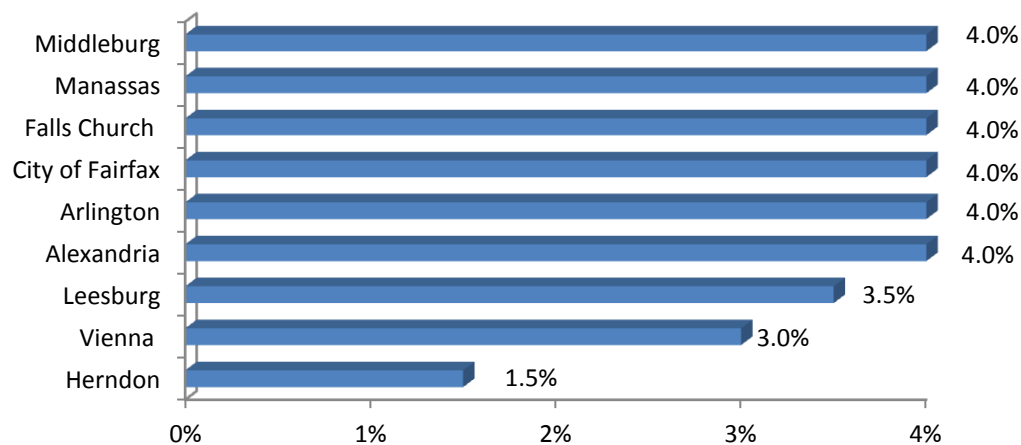
The City of Fairfax imposes a **4%** tax upon all meals sold in the City in or from a restaurant (or similar establishment), whether prepared in the restaurant or not and whether consumed on the premises or not. This tax was last increased from 2% to 4% as part of the FY 2008 Budget.

Fiscal Impact – Meals Tax

	FY 2011 Actual	FY 2012 Budget	FY 2012 Estimate	FY 2013 Adopted
Meals Tax Revenue	\$4,938,869	\$4,845,075	\$5,191,623	\$5,434,000
Meals Tax Rate	4%	4%	4%	4%

The City's meals tax remains a very stable source of revenue for the City. For the FY 2012 estimate, revenue is projected to increase 5.1% from the FY 2011 actual, based on receipts for the first seven months of FY 2012. For FY 2013, an additional 4.7% increase is projected over the FY 2012 estimate. As the following chart indicates, several area jurisdictions also impose this tax and in most cases at a rate on par with the City.

Meals Tax Rates FY 2013



Tobacco Tax

Background

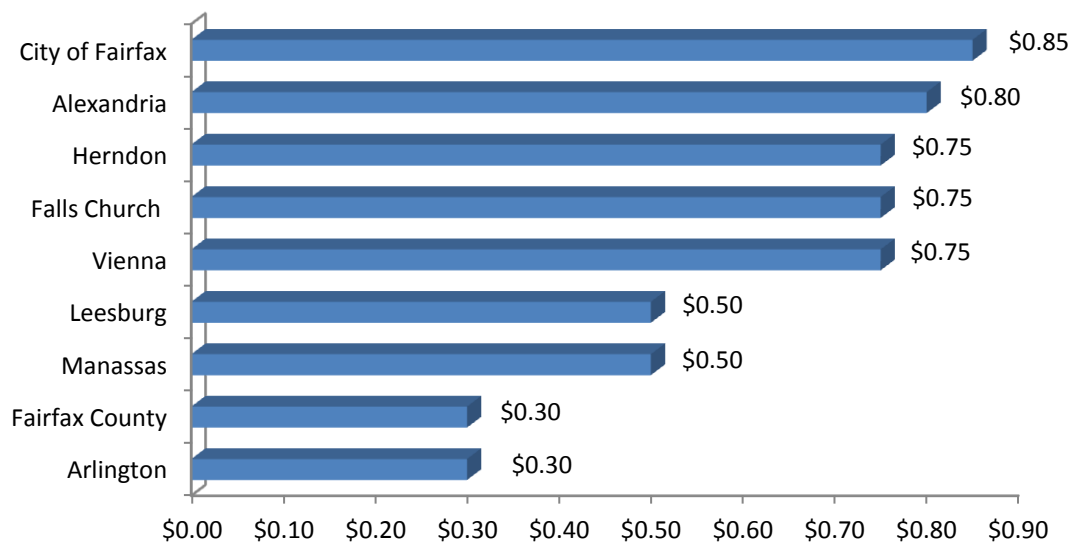
The cigarette tax is **85¢** for each package of 20 cigarettes sold or used within the City. On January 1, 2010 the Tobacco Tax was increased by 25¢, from 50¢ to 75¢ per package. On July 1, 2010 the rate was increased by 10¢, from 75¢ to 85¢ per package.

Fiscal Impact – Tobacco Tax

	FY 2011 Actual	FY 2012 Budget	FY 2012 Estimate	FY 2013 Adopted
Tobacco Tax Revenue	\$1,028,992	\$1,060,732	\$1,003,959	\$980,000
Tobacco Tax Rate	\$.85	\$.85	\$.85	\$.85

Tobacco tax revenues for the FY 2013 estimate are projected at \$980,000, which reflects a decrease of 4.8% from FY 2011 actual revenues and is a 7.6% decrease from the FY 2012 budgeted figure. Current trends note a continuing decline in monthly tobacco purchases, which is likely the result of the City's rate and a reduction in the number of smokers. Revenues are expected to decline by 2.4% in FY 2013 from the FY 2012 estimate. The following chart notes the City of Fairfax has the highest rate in the region.

Tobacco Tax Rates FY 2013



Transient Lodging Tax

Background

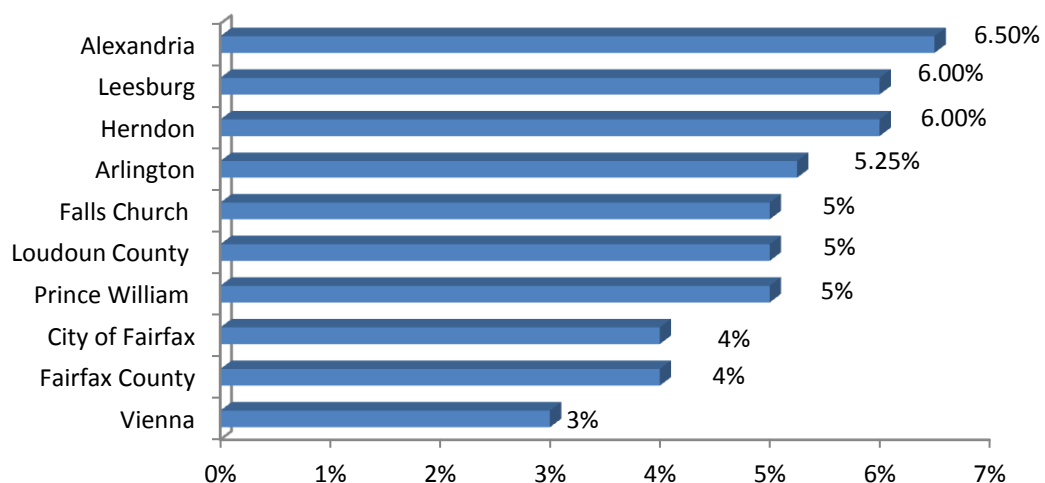
Every public or private hotel, inn, apartment hotel, hostelry, motel, or other lodging place within the city offering lodging for four or more persons at any one time on a transient basis (30 consecutive days or less), is levied a tax on the gross receipts of the lodging. The transient occupancy tax rate is **4%** of the total amount of the room rental charge, and is the maximum allowed per City charter. Any increase above the current figure needs approval from the General Assembly.

Fiscal Impact – Transient Lodging Tax

	FY 2011 Actual	FY 2012 Budget	FY 2012 Estimate	FY 2013 Adopted
Transient Lodging Tax Revenues	\$484,990	\$539,168	\$592,000	\$615,000
Transient Lodging Tax Rate	4%	4%	4%	4%

The Transient Lodging tax notes an increase of 22.1% for the FY 2012 estimate from the FY 2011 actual due to the opening of a new hotel (Marriott) at the end of FY 2011. The FY 2013 budget reflects a 3.9% increase over the FY 2012 estimate. The following chart notes the City of Fairfax has the second lowest rate in the region.

Transient Lodging Tax Rate FY 2013



Licenses, Permits, and Fees

	FY 2011 Actual	FY 2012 Budget	FY 2012 Estimate	FY 2013 Adopted
Licenses, Permits, and Fees	\$1,230,352	\$1,354,166	\$1,353,986	\$1,301,700

The City reviews these line items annually to ensure rates and levies are on par with other jurisdictions in the region. The budget for FY 2013 notes a 3.9% decrease from the FY 2012 estimate based on trends and revenues collected through January 2012. Building, electrical, plumbing and mechanical permit revenues are expected to increase from FY 2012 due to the ongoing housing market recovery, but most other fees are flat or down slightly.

Fines and Forfeitures

	FY 2011 Actual	FY 2012 Budget	FY 2012 Estimate	FY 2013 Adopted
Fines & Forfeitures	\$1,041,172	\$1,134,022	\$1,254,167	\$1,150,700

This category of revenues increases by 1.5% in FY 2013 from the FY 2012 budget. This is due mainly to higher court fines and forfeitures. The Photo Red Light program is also expected to peak in FY 2013. In July 2011, four cameras became operational in the City of Fairfax.

Use of Money and Property

	FY 2011 Actual	FY 2012 Budget	FY 2012 Estimate	FY 2013 Adopted
Use of Money and Property	\$1,866,897	\$1,958,652	\$2,027,790	\$2,180,638

Overall revenues are expected to increase by 11.3% from last year. Investment interest is projected to decrease from the FY 2012 Budget figure of \$5,000 to \$2,000 in FY 2013 as low interest rates are expected to persist in the economic environment. Use of money and property also accounts for rental fees for the City. The City's new Stacy C. Sherwood Community Center, which opened in February 2011, is expected to generate estimated revenues of \$110,000 in FY 2012 and \$165,840 in FY 2013. The City also receives a classroom rental fee (\$1.6 million) from Fairfax County Public Schools (FCPS) based on a formula involving County students attending City schools.

Charges for Services

	FY 2011 Actual	FY 2012 Budget	FY 2012 Estimate	FY 2013 Adopted
Charges for Services	\$2,878,252	\$2,748,778	\$2,952,715	\$3,077,817

This category is projected to increase by 12% (\$329,039) from the FY 2012 budget to FY 2013.

This variance is due to higher projected Ambulance Recovery Fees of \$379,743. Current trends for Ambulance Recovery Fees indicate that FY 2012 revenues will be significantly higher (30.6%) than budgeted. The Fire Services Recovery Fee from George Mason University will also generate an additional \$50,000 in FY 2013 from the previous fiscal year.

State Aid

	FY 2011 Actual	FY 2012 Budget	FY 2012 Estimate	FY 2013 Adopted
State Aid	\$9,815,818	\$10,299,211	\$10,511,496	\$10,757,937

Total funding for state aid is projected to increase by 4.5% (\$458,726) from the FY 2012 budget to FY 2013. Per the Virginia Department of Education, Basic Aid and State Sales tax are projected to generate an additional \$336,118 from the prior fiscal year. Additionally, state highway funds will increase \$81,400, and the City expects an increase in State Aid to Police of \$45,762.

Federal Aid

	FY 2011 Actual	FY 2012 Budget	FY 2012 Estimate	FY 2013 Adopted
Federal Aid	\$542,404	\$346,400	\$258,876	\$178,000

The majority of Federal Aid is dedicated to public safety areas. The Gang Task Force Grant for Police decreases by \$130,000 as its funding is in question for FY 2013. The National Capital Region Planner (Fire Department – Code Administration - Emergency Management) funding remains unchanged at \$125,000 in FY 2013. FY 2012 was the last year federal funds were provided for the EMPG Sheltering Grant, which provides funding for emergency management.

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